



COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR

Steven L. Beshear
Governor

700 Capitol Avenue
Suite 100
Frankfort, KY 40601
(502) 564-2611
Fax: (502)564-2517

VETO MESSAGE FROM THE
GOVERNOR OF THE COMMONWEALTH OF KENTUCKY
REGARDING HOUSE BILL 265 OF THE
2012 REGULAR SESSION

On January 17, 2012, when I proposed the 2012-14 biennial budget, I deemed it to be inadequate for the needs of our people. Due to the recessionary period, and its aftermath, it was a budget that included further spending cuts, as much as 8.4 percent, assigned specifically to each state agency. This represents the eleventh time that Kentucky state government's programs and services will endure budget reductions since I took Office. These spending cuts are on top of cumulative reductions of as much as 30 percent over the last five years. The General Assembly passed the bulk of my proposed budget, including the spending cuts, with no relief provided, nor expected, from its many challenges. Furthermore, the General Assembly added another \$80 million to the amount of proposed spending reductions, but unlike the budget I offered, did so without the specification of the additional cuts that will affect each agency and institution. This is the third consecutive budget enacted by the General Assembly that relies upon a significant lump-sum amount of unspecified spending reductions to balance after I had recommended spending reductions assigned specifically to each affected part of the government. Moreover, the budget gap for the next two years was made even larger by the passage of other legislation and several other provisions in this bill, none of which is accounted for in the enacted budget. These are among the many challenges that our state government must tackle in the next two years. Despite this situation, this bill includes language provisions that inhibit the most fiscally responsible implementation of such a difficult biennial budget. They add new obligations, limit necessary flexibility, and reduce the ability to manage this budget.

Limitations on Management of Funds

I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following parts:

Page 29, lines 3 through 6, in their entirety.
Page 36, line 21, after “insurance.”, delete the rest of the line.
Page 36, lines 22 through 23, in their entirety.
Page 46, lines 16 through 19, in their entirety.
Page 97, line 10, after “Metro.”, delete the rest of the line.
Page 97, lines 11 through 13, in their entirety.
Page 259, line 23, after “year.”, delete the rest of the line.
Page 259, lines 24 through 27, in their entirety.
Page 260, lines 1 through 8, in their entirety.
Page 260, line 9, delete “Revenue within 30 days of the date of the transfer.”.
Page 260, line 10, after “purposes”, delete the rest of the line.
Page 260, line 11, delete “transferred to the Budget Reserve Trust Fund”.
Page 261, lines 15 through 18, in their entirety.

I am vetoing these parts because the General Assembly has directed certain unexpended General Fund appropriations and General Fund revenues in excess of the official estimate to the Budget Reserve Trust Fund. I agree with the objective of the General Assembly to rebuild the Budget Reserve Trust Fund to improve the Commonwealth’s credit position and financial stability. Existing statutes and the General Fund Surplus Expenditure plan enacted by the General Assembly in this same budget bill already accomplish that goal: to build the balance in the Budget Reserve Trust Fund, the Commonwealth’s rainy day fund, with extra revenues and unspent appropriations. The practical effect of implementing the provisions at issue would result in the use of the Budget Reserve Trust Fund as a checking account to pay for unbudgeted spending needs such as calling out the National Guard for emergencies and natural disasters, forest fire suppression, and higher prisoner population than budgeted. The Budget Reserve Trust Fund should be considered the Commonwealth’s savings account and used only as a last resort to finance these unbudgeted spending needs.

Additional Spending Items Without Funding Provided

I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following parts:

Page 20, lines 22 through 27, in their entirety.
Page 33, lines 15 through 18, in their entirety.
Page 36, lines 4 through 6, in their entirety.
Page 103, line 4, after “counties.”, delete the rest of the line.
Page 103, lines 5 through 12, in their entirety.

Page 103, line 27, after “is”, delete “\$150,000 in each fiscal year for”.

Page 104, line 5, delete “\$100,000 in each fiscal year for the”.

Page 105, lines 2 through 4, in their entirety.

I am vetoing these parts because they identify new spending earmarks yet the General Assembly failed to appropriate additional funds to finance them. These earmarks were included within budget units where the enacted appropriations are less than current appropriations, most of which are 8.4 percent less, and when the enacted budget for the Executive branch relies upon \$80 million in unspecified spending reductions to ensure a balanced budget. I am also honoring the request of a constitutional officer who requested a veto of unfunded spending earmarks to maintain budget management flexibility. Spending reductions will be necessary over the next two years to balance the budget, and are on top of cumulative reductions of as much as 30 percent over the last five fiscal years. Most new earmarks are understandably not feasible without additional funding provided to accomplish them. Should fiscal circumstances change or other resources become available, this action does not preclude these agencies from considering these items for funding.

Reduced Flexibility on Budget and Program Management

I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following parts:

Page 13, lines 17 through 18, in their entirety.

Page 15, line 27, in its entirety.

Page 16, lines 1 through 3, in their entirety.

Page 18, lines 17 through 22, in their entirety.

Page 33, lines 19 through 23, in their entirety.

Page 40, line 5, after “biennium.”, delete the rest of the line.

Page 40, line 6, in its entirety.

Page 42, lines 25 through 27, in their entirety.

Page 75, lines 7 through 14, in their entirety.

Page 85, line 22, after “counties”, delete “on or before September 15 of”.

Page 95, line 19, after “budget.”, delete the rest of the line.

Page 95, line 20, in its entirety.

Page 96, line 16, after “budget.”, delete the rest of the line.

Page 96, line 17, in its entirety.

Page 261, lines 22 through 27, in their entirety.

Page 262, lines 1 through 2, in their entirety.

Page 262, line 9, after “Act”, delete “by \$40,000,000”.

Page 265, line 8, after “KRS 18A.2254,” delete “no”.

Page 265, line 8, after “authorized”, delete the rest of the line.

Page 265, line 9, delete “specifically directed by the General Assembly”.

Page 265, line 9, after “.”, delete “This section shall apply retroactively to”.

Page 265, line 10, in its entirety.

Page 271, lines 25 through 27, in their entirety.

Page 272, lines 5 through 9, in their entirety.

I am vetoing these parts because they eliminate or reduce the flexibility of the Executive branch to balance the budget, reduce the flexibility to contend with revenue shortfalls with unprecedented exclusions and limitations, reduce the ability to manage a budget that already contains significant spending reductions by limiting management options, by mandating a minimum level of program activity, by seeking to eliminate the efficiency, transparency, and accountability provided through the model procurement code, by limiting the ability to encourage performance improvement in programs, or by limiting the Executive budget recommendation for the next biennial budget. I am also honoring the request of a constitutional officer who requested a veto of language that would prohibit the spending of funds resulting from a federal court judgment. The Executive branch intends to continue to operate these good and important programs for which the bill imposes limitations or barriers to the flexibility necessary to work through all the fiscal challenges included in the enacted budget.

This the 11th day of April, 2012

Steven L. Beshear, Governor